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SUBJECT: CAMEROON'S MINES MINISTER THINKS GLOBALLY, WORRIES LOCALLY

1. (U) Summary. Cameroon's Minister of Mining is increasingly worried about the impact that global economic trends will have on Cameroon, especially in the mining and industrial sectors. At the Minister's request, Post's Economic and Commercial team met with Badel Ndanga Ndinga, Cameroon's Minister of Mining, Industry and Technological Development (MINMITD) on February 5, to review the status of major investments in the sector and the impact that global economic trends will have on Cameroon. End summary.

Hydromine, Now Cameroon Alumina
Moving Forward

2. (SBU) Ndanga Ndinga said he had met recently with a visiting team from Cameroon Alumina (CAL), the partnership formed by American project developer Hydromine with mining partners from India (Hindalco) and the United Arab Emirates (Dubal) and that he was impressed with the progress the CAL team has made at this early stage of their project to develop the multibillion dollar bauxite resources located in Minim Martap and Ngaoundal in the Adamaoua Region. Nevertheless, Ndanga Ndinga warned, the Government of Cameroon (GRC) would hold CAL to the strict timeline that was agreed to when CAL received an extension on its exploratory license. In response to Ndanga Ndinga's concern that the CAL teams in the field were not communicating with MINIMIDT staff at the regional level, Poloff committed to share the Minister's concerns with the visiting CAL teams.

GEOVIC's Six Month Delay

3. (SBU) Ndanga Ndinga said he was concerned about how global economic trends would affect Cameroon's economy, especially a number of high profile projects in the mining sector. He had been surprised to read through Google alerts that Geovic, an American company preparing to mine cobalt and nickel in Cameroon's East Region, was delaying its project by six months and had called in GEOVIC's General Manager to demand an explanation. Ndanga Ndinga said he accepted GEOVIC's explanation (that the delay was necessary to install a new technical process that would make the project more profitable), but seemed to remain suspicious as to whether there might be additional explanations for the delay. Geovic had been expected to start construction of the processing facility by June 2009 and first production by early 2010. Poloff reminded Ndanga Ndinga that Geovic, too, was impatient to begin operations and that many of the delays up until now have been the result of the GRC's slow decision-making and implementation.

How Will Rio Tinto's
Travails Affect Cameroon?

4. (U) In response to Poloff's queries about the viability of Rio Tinto's ambitious projects to extend the capacity of ALUCAM, the aluminum processing facility run as a joint venture with the GRC, Ndanga Ndinga said Rio Tinto's senior leadership had recently assured him that the project was on track. Ndanga Ndinga said the

ALUCAM plant at Edea continued to operate at lower than peak capacity because it does not receive the amount or consistency of power supply from AES-SONEL, the national power provider managed by American firm AES. Ndanga Ndinga said Rio Tinto and AES are still at an impasse in their negotiations of a new power contract. As Poloff and Ndanga Ndinga ticked off the recent slew of announcements that Rio Tinto was withdrawing from projects and laying off workers, Ndanga Ndinga showed increasing concern about the future of Rio Tinto's promise to undertake a multibillion dollar extension of its investments in Cameroon.

Comment: Warming to American Investment

15. (SBU) Ndanga Ndinga has been cool to prospective American investment since he took over the Ministry of Mines in September 2007, so we were encouraged by his decision to reach out to us. His previously abiding hostility to the Hydromine-led project has softened into a wary watchfulness, largely because the project has taken great strides in its transition to Cameroon Alumina (CAL) but perhaps also because it is increasingly apparent that Rio Tinto's financial difficulties will strain their ability to follow through on their projects in Cameroon. Ndanga Ndinga is plugged in to the internet and attuned to international economic trends, refreshing traits in a regime that often seems myopically inward-focused.

16. (SBU) Cameroon has high hopes that an energized mining sector can replace the revenues due to be lost to declining oil reserves, but there is still no industrial mining in Cameroon. Especially now that the international economic climate is unfavorable for big-ticket, high risk investments, Cameroon will be forced to make itself all the more attractive to prospective investors. End

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comment.

Garvey